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July 12, 2023

The Honorable Elizabeth Warren  
Chair  
Subcommittee on Economic Policy  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, DC 20510

The Honorable John Kennedy  
Ranking Member  
Subcommittee on Economic Policy  
Committee on Banking, Housing, and Urban Affairs  
United States Senate  
Washington, DC 20510

Dear Chair Warren and Ranking Member Kennedy:

On behalf of the Credit Union National Association (CUNA), I am writing regarding the hearing entitled, "Bank Mergers and the Economic Impacts of Consolidation." CUNA represents America's credit unions and their more than 135 million members.

### **Branch Closures Associated with Bank Mergers Harm Consumers**

We thank the Subcommittee for holding a hearing looking into the impact of bank mergers and bank consolidation. America's credit unions have been paying close attention to the trend of bank mergers over the last several years, as this activity has left consumers suffering from associated branch closures, often finding themselves in banking deserts. A recent FDIC paper published by the St. Louis Federal Reserve finds that there are over 1,130 banking deserts and 1,155 potential deserts in the United States.<sup>1</sup> In fact, CUNA's research estimates that the count of census tracts that are banking deserts have increased by 60% from 2012-2022.

Bank mergers undoubtedly lead to branch closures. From 2012-2022, the number of bank branches decreased from 96,292 to 78,626. In that same period, the number of credit union branches increased from 21,274 to 21,193. Additionally, from December 2019 to March 2023, credit unions have opened a net of 700 branches while banks have lost a net of 7,500. The decrease in bank branches demonstrates bankers' profit over people approach to financial services. In contrast, the growth in credit union branches shows the commitment to providing services and being physically present in those communities as well. Credit unions will never apologize for our dedication to providing financial services and ensuring the financial well-being for all, including the financially vulnerable. Credit unions cannot match the sheer number of bank branches. But we stand ready, willing, and able to help reverse the negative trends that for-profit banks have put into motion.

### **Credit Union Field of Membership**

America's credit unions exist to improve their members' financial well-being and advance the communities that they serve. This means ensuring that all consumers, regardless of residence or economic standing, have access to mainstream financial services. That is why we believe it is critical that underserved communities have access to a trusted, local financial partner.

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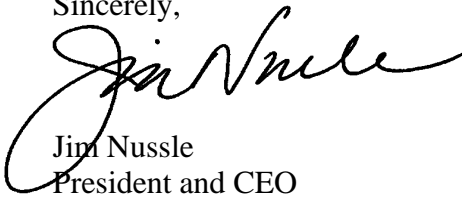
<sup>1</sup> <https://www.stlouisfed.org/publications/regional-economist/second-quarter-2017/banking-deserts-become-a-concern-as-branches-dry-up>

Despite credit unions outperforming banks with regard to branch growth, credit unions still face challenges in reaching consumers abandoned by banks due to outdated field of membership restrictions. We believe that credit union field of membership expansion will successfully alleviate financial burdens placed upon consumers as a result of bank branch closures. Any serious discussion of policy remedies to address access to financial services in banking deserts and underserved communities must include modernizing laws and regulations which hinder credit unions from serving those the banks have left behind. We continue to work with Members of Congress to introduce legislation expanding our field of membership. We strongly encourage the Senate Banking Committee to look into field of membership expansion today and in future committee hearings.

### **Conclusion**

On behalf of America's credit unions and their more than 135 million members, thank you for holding this important hearing and considering our views.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Nussle". The signature is fluid and cursive, with a large initial "J" and "N".

Jim Nussle  
President and CEO